United Nations E/C.18/2009/4

Economic and Social Council

Distr.: General
10 August 2009

Original: English

Committee of Experts on International Cooperation in Tax Matters
Fifth session
Geneva, 19-23 October 2009
Agenda item 1*
Opening of the session by the representative of the Secretary-General

Outcomes of recent conferences relevant to the Committee of Experts

Note by the Secretariat

Summary

Two major recent conferences, the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008, and the Conference on the World Financial and Economic Crisis and Its Impact on Development, held in New York from 24 to 30 June 2009, have acknowledged the role of international tax cooperation in assisting sustainable development and in addressing the global financial and economic crisis respectively. The outcome documents for both conferences referred to the need to strengthen international tax cooperation, including in relation to the Committee of Experts. The present note reproduces relevant paragraphs from the outcome documents of the two conferences, for the information of the Committee.

* E/C.18/2009/1.

09-45194 (E) 260809

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I. Introduction

1. Two major conferences, the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held at Doha from 29 November to 2 December 2008, and the Conference on the World Financial and Economic Crisis and Its Impact on Development, held in New York from 24 to 30 June 2009, have acknowledged the role of international tax cooperation in assisting sustainable development and in addressing the global financial and economic crisis respectively. The outcome documents for both conferences referred to the need to strengthen international tax cooperation, including in relation to the United Nations Committee of Experts on International Cooperation in Tax Matters. Relevant paragraphs from the outcome documents of the two conferences are reproduced below for the information of the Committee.

II. Follow-up International Conference on Financing to Review the Implementation of the Monterrey Consensus

2. More than 300 hours of negotiations took place in New York prior to the Conference and during the Review Conference in Doha to finalize the Conference outcome document, the Doha Declaration on Financing for Development (General Assembly resolution 63/239, annex).

3. Paragraph 16 of the Doha Declaration states:

> "We will continue to undertake fiscal reform, including tax reform, which is key to enhancing macroeconomic policies and mobilizing domestic public resources. We will also continue to improve budgetary processes and to enhance the transparency of public financial management and the quality of expenditures. We will step up efforts to enhance tax revenues through modernized tax systems, more efficient tax collection, broadening the tax base and effectively combating tax evasion. We will undertake these efforts with an overarching view to make tax systems more pro-poor. While each country is responsible for its tax system, it is important to support national efforts in these areas by strengthening technical assistance and enhancing international cooperation and participation in addressing international tax matters, including in the area of double taxation. In this regard, we acknowledge the need to further promote international cooperation in tax matters, and request the Economic and Social Council to examine the strengthening of institutional arrangements, including the United Nations Committee of Experts on International Cooperation in Tax Matters."

4. Paragraph 20 of the Doha Declaration, while not dealing exclusively with tax evasion and avoidance, states:

> "Capital flight, where it occurs, is a major hindrance to the mobilization of domestic resources for development. We will strengthen national and multilateral efforts to address the various factors that contribute to it. It is vital to address the problem of illicit financial flows, especially money-laundering. Additional measures should be implemented to prevent the transfer abroad of stolen assets and to assist in the recovery and return of such assets, in particular to their countries of origin, consistent with the United Nations

Convention against Corruption, as well as to prevent capital flows that have criminal intent. We note the efforts of the United Nations Office on Drugs and Crime and the World Bank Group through the Stolen Asset Recovery Initiative and other relevant initiatives. In this regard, we urge as a matter of priority all States that have not yet done so to consider becoming parties to the International Convention for the Suppression of the Financing of Terrorism, and call for increased cooperation with the same objective."

5. Paragraph 25 of the Doha Declaration deals specifically with tax treaties when it provides that:

"Bilateral investment treaties may promote private flows by increasing legal stability and predictability to investors. It is important that bilateral investment treaties, as well as tax treaties and other tax measures to facilitate foreign investments, take into account regional and multilateral cooperation, including at the regional level. We acknowledge the importance of supporting capacity-building in developing countries aimed at improving their abilities to negotiate mutually beneficial investment agreements. It is important to promote good tax practices and avoid inappropriate ones."

III. Conference on the World Financial and Economic Crisis and its Impact on Development

6. The Conference on the World Financial and Economic Crisis and Its Impact on Development was held at United Nations Headquarters in New York from 24 to 30 June 2009. Paragraphs 38 and 39 of the outcome document of the Conference (General Assembly resolution 63/303, annex), provide as follows:

"We emphasize the need to ensure that all tax jurisdictions and financial centres comply with standards of transparency and regulation. We reiterate the need to further promote international cooperation in tax matters, including within the United Nations, inter alia, by promoting double taxation agreements. Inclusive and cooperative frameworks should ensure the involvement and equal treatment of all jurisdictions. We call for consistent and non-discriminatory implementation of transparency requirements and international standards for exchange of information.

"Illicit financial flows are estimated to amount to several times global official development assistance and have a harmful effect on development financing. Measures to enhance regulation and supervision of and transparency in the formal and informal financial system should include steps to curb illicit financial flows in all countries. Improving the transparency of the global financial system also deters illicit financial flows, including to international financial centres, and enhances the ability to detect illicit activities."

7. Paragraph 56 of the outcome document states:

"We request the Economic and Social Council:

..."

(c) To examine the strengthening of institutional arrangements to promote international cooperation in tax matters, including the United Nations Committee of Experts on International Cooperation in Tax Matters;"

IV. Conclusion

8. It is currently expected that the issue of strengthening international cooperation in tax matters, referred to in both the Doha Declaration and the outcome document of the Conference on the World Financial and Economic Crisis is likely to be considered in some form by the Economic and Social Council at its resumed substantive session in New York, possibly in September or October 2009.